

Amendment 2
TennCare Decision Support Services (TCDS)
RFS # 318.65-186

Revisions to *Cost Proposal Notice to Vendor*

1. Add the following section immediately after the section labeled “Cost Proposal Evaluation”:

Cost Proposal Written Questions

Proposers may ask written questions pertaining to the *Cost Proposal Notice* and the format and content of the *Cost Proposal Scoring & Evaluation Guide*. These questions must be submitted to, and received by, the State no later than 2:00 PM CDT, September 22, 2004. Written questions should be submitted via email to Bubba Mullen at the address given below.

The State intends to respond to these questions in accordance with the schedule in the following paragraph. The State will compile all questions and respond in writing to all vendors that made verbal Vendor Presentations to the State.

2. Add the following section after the “Cost Proposal Written Questions” added in item 1 above:

Schedule of Events

The Schedule of Events for the remainder of the TCDS procurement is as follows:

<u>EVENT</u>	<u>DATE</u>	<u>TIME</u>
Deadline for Vendors to Submit Written Cost Proposal Questions	9/22/04	2:00 PM CDT
State Issues Responses to Written Cost Proposal Questions	9/24/04	4:30 PM CDT
Deadline for Submitting Cost Proposal	10/1/04	4:30 PM CDT

3. Delete the section labeled “Cost Proposal Due Date and Time” in its entirety and replace it with the following:

Cost Proposal Due Date and Time

Cost Proposals must be received by the State of Tennessee by **4:30 PM CDT on October 1, 2004**.

4. Delete the *Cost Proposal & Scoring Guide* in its entirety and replace it with the document that appears on the following pages:

Cost Proposal & Scoring Guide

COST PROPOSAL & SCORING GUIDE	
NOTICE TO PROPOSER: This Cost Proposal MUST be completed EXACTLY as required.	
PROPOSER NAME:	
SIGNATURE & DATE:	
COST PROPOSAL SCHEDULES The proposed costs, detailed in the tables on the following pages, shall indicate the proposed price for providing the entire scope of service including all services as defined in Sections 2, 3, and 4 (<i>Description of Services and Written Proposal; Timeline Objectives and Critical Dates; and Performance Requirements</i>), of the <i>Request for Vendor Presentations</i> , as well as Section A of the Contract (collectively, the TCDS Requirements). The proposed cost and the commitments described in the vendor presentation associated with this cost shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any resulting contract between the Proposer and the State. All monetary amounts are United States currency. <u>Warning: The Proposer may not leave any Proposed Cost cells blank.</u>	

COST SCHEDULE A – IMPLEMENTATION COST SCHEDULE

In the cell labeled “Proposed Cost” below, the Proposer must enter a one-time, fixed cost to perform all services related to the implementation of the TCDS.

The State will compensate the Contractor for Implementation as follows: On January 1, 2005 the State will assess the percentage of TennCare data that is loaded on the vendor's TCDS system, and available for the State's reporting purposes. The vendor may then invoice the State for a portion of the One-Time, Fixed Implementation Cost proposed below that correlates with the percentage of data that has been loaded and is available for reporting use as of January 1, 2005. For example, if the percentage of data loaded and available for reporting use is 35%, then the vendor may invoice the State for 35% of the One-Time, Fixed Implementation Cost; the remainder to be paid upon completion of loading of the full six (6) years of TennCare data.

There are only two payment points for the Implementation Phase: (1) the payment associated with the January 1, 2005 load percentage; and (2) the final payment upon the Contractor completing the loading of the entire six years of data.

NOTE: The Proposer may not enter zero (0) for, or leave blank, the Proposed Cost below. This cost must reflect the vendor's estimate of its true one-time, fixed implementation cost for TCDS.

Cost Item Description	Proposed Cost
One-Time, Fixed Implementation Cost	
Implementation Evaluation Cost Amount: <i>(For State use only; transcription of Proposed Cost above)</i>	

COST SCHEDULE B – OPERATIONS COST SCHEDULE

In the cells labeled “Proposed Cost,” for each year listed, the Proposer must enter the Monthly Cost-Per-Member rate that it will charge to operate the TCDS system, and provide all related services, as described in the TCDS Requirements. The costs below are proposed with the knowledge that the costs for these services shall be assessed and billed monthly, in arrears after the services have been provided, and shall be based upon the number of TennCare recipients on the State’s TennCare membership rolls as of the fifteenth (15) day of the billing month in question (the “population basis”). Note that the population basis shall be adjusted to correlate with the percentage of TennCare data loaded on the Contractor’s TCDS system, and available for the State’s reporting purposes, as described in the following paragraph. The rate shall apply for the entire contract year as proposed and shall not be subject to increase during that year.

The first month for which the vendor will bill the State for Operations shall be no earlier than January 2005. The State shall compensate the vendor for Operations Cost as follows: On January 31, 2005 the State will assess the percentage of TennCare data that is loaded on the vendor’s TCDS system, and available for the State’s reporting purposes. The State will then apply this percentage to the population basis prior to using the population basis to determine the invoice amount. In other words, the formula at the end of each month of Operations services shall be: Monthly Operations Invoice Amount = Monthly Cost Per Member on the TennCare Rolls X (percentage of data loaded and available for reporting use [as of the last day of the month in question] X the population basis [as of the 15th day of the month in question]). The Contractor shall invoice the State on a monthly basis for Operations and the same formula shall be applied at the end of each succeeding month. See the examples in *Pro Forma* Contract Section C.3.b, as amended.

NOTE: The Proposer may not enter zero (0) for, or leave blank, any of the Proposed Costs below. Each cost must reflect the vendor’s estimate of its true Monthly Cost Per Member to operate the TCDS during the time period in question.

Cost Item Description	Proposed Cost					State Use ONLY
	Year 1	Year 2	Year 3	Optional Year 4	Optional Year 5	Sum of Yearly Per-Member Costs
Monthly Cost Per Member on the TennCare Rolls						
Operations Evaluation Cost Amount: <i>(For State use only; sum of all Operations Proposed Costs above)</i>						

The Final Cost Proposal score is calculated on the following page.

FINAL COST PROPOSAL SCORE			
(For State Use Only)			
Summary Item Description	Evaluation Cost	State Use	
		Weight	Weighted Cost
Implementation Evaluation Cost Amount from Cost Schedule A: Implementation Cost Schedule		1	
Operations Evaluation Cost Amount from Cost Schedule B: Operations Cost Schedule X 12 (months) X 1,250,000 (approx. number of TennCare recipients) (The formula above is necessary to normalize the monthly per-member rate and the one-time fixed Implementation Cost.)		1	
The F&A Contract Coordinator shall use the evaluation cost amount derived from the proposed cost amounts above and the following formula to calculate the COST PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.			↓
Evaluation Cost Amount: (sum of all weighted cost amounts above)			
$\frac{\text{lowest Evaluation Cost Amount from all Proposals}}{\text{Evaluation Cost Amount being evaluated}} \times 100$ <p style="text-align: center;">(maximum section score)</p>		= SCORE:	